

First Quarter Financial Statement and Dividend Announcement for the period ended 31 March 2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statement for the period from 1 January 2014 to 31 March 2014

	Group		+ / (-)
	31.03.2014	31.03.2013	
	\$'000	\$'000	%
Sales	82,601	82,991	(0.47)
Other income	2,386	2,652	(10.03)
Expenses			
- Changes in inventories of finished goods	196	(454)	(143.17)
- Purchases of inventories and related costs	(60,375)	(59,874)	0.84
- Employee compensation	(5,521)	(4,972)	11.04
- Depreciation expense	(2,129)	(1,678)	26.88
- Rental expense - operating leases	(10,494)	(9,198)	14.09
- Other expenses	(6,343)	(6,275)	1.08
Total expenses	<u>(84,666)</u>	<u>(82,451)</u>	2.69
Profit before income tax	321	3,192	(89.94)
Income tax expense	<u>(56)</u>	<u>(519)</u>	(89.21)
Net profit for the financial period	<u>265</u>	<u>2,673</u>	(90.09)
Attributable to :			
Equity holders of the Company	<u>265</u>	<u>2,673</u>	(90.09)

Consolidated Statement of Comprehensive Income for the period from 1 January 2014 to 31 March 2014

	Group		+ / (-)
	31.03.2014	31.03.2013	
	\$'000	\$'000	%
Net profit for the financial period	265	2,673	(90.09)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Financial assets, available-for-sale			
- Fair value gain	<u>43</u>	<u>167</u>	(74.25)
Other comprehensive gain, net of tax	<u>43</u>	<u>167</u>	(74.25)
Total comprehensive income for the financial period	<u>308</u>	<u>2,840</u>	(89.15)
Total comprehensive income attributable to :			
Equity holders of the Company	<u>308</u>	<u>2,840</u>	(89.15)

Additional Disclosure

(i)	Group		+ / (-) %
	31.03.2014	31.03.2013	
	\$'000	\$'000	
Dividend income	53	48	10.42
Gross rental income	1,716	2,010	(14.63)
Interest income	552	556	(0.72)

(ii) There were no interest on borrowings and extraordinary items during the period and the preceding year.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance Sheets as at 31 March 2014

	Group		Company	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and cash equivalents	86,603	97,630	85,001	96,083
Trade and other receivables	9,917	13,457	9,888	13,422
Financial assets, held-to-maturity	9,000	7,000	9,000	7,000
Inventories	15,472	15,275	15,472	15,275
Other current assets	547	380	545	380
	121,539	133,742	119,906	132,160
Non-current assets				
Other receivables	351	393	351	393
Financial assets, available-for-sale	3,387	3,344	3,365	3,321
Financial assets, held-to-maturity	40,500	42,500	40,500	42,500
Club memberships	656	656	656	656
Investment in an associated company	-	-	2,598	2,598
Investment in a subsidiary	-	-	3,308	3,308
Rental deposits	6,706	6,706	6,706	6,706
Investment property	2,716	2,731	-	-
Property, plant and equipment	86,914	88,940	86,891	88,916
	141,230	145,270	144,375	148,398
Total assets	262,769	279,012	264,281	280,558

LIABILITIES**Current liabilities**

Trade and other payables	50,479	66,821	50,353	66,685
Current income tax liabilities	1,176	1,480	1,176	1,480
	51,655	68,301	51,529	68,165

Non-current liabilities

Other payables	2,111	2,020	2,111	2,020
Provisions for other liabilities and charges	1,538	1,534	1,538	1,534
Deferred income tax liabilities	71	71	71	71
	3,720	3,625	3,720	3,625

Total liabilities

	55,375	71,926	55,249	71,790
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NET ASSETS

	207,394	207,086	209,032	208,768
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EQUITY

Share capital	91,710	91,710	91,710	91,710
General reserve	17,000	17,000	17,000	17,000
Fair value reserve	1,270	1,227	1,250	1,207
Currency translation reserve	(228)	(228)	-	-
Retained earnings	97,642	97,377	99,072	98,851
Shareholders' equity	207,394	207,086	209,032	208,768

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 31.03.2014		As at 31.03.2013	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.03.2014		As at 31.03.2013	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Not applicable.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows for the financial period from 1 January 2014 to 31 March 2014

	<u>Group</u>	
	31.03.2014	31.03.2013
	\$'000	\$'000
Cash flows from operating activities		
Profit before income tax	321	3,192
Adjustments for:		
Depreciation	2,129	1,678
Interest income	(552)	(556)
Increase in provisions for other liabilities and charges	4	3
Dividend income	(53)	(48)
	<hr/>	<hr/>
	1,849	4,269
Changes in working capital		
Trade and other receivables	3,760	1,543
Inventories	(197)	453
Other assets	(167)	(68)
Trade and other payables	(15,291)	(13,176)
	<hr/>	<hr/>
Cash used in operations	(10,046)	(6,979)
Income taxes paid	(360)	(667)
Loan repayments from directors	5	2
Net cash used in operating activities	<hr/>	<hr/>
	(10,401)	(7,644)
Cash flows from investing activities		
Payments for property, plant and equipment	(1,047)	(57)
Proceeds from maturity of financial assets, held-to-maturity	-	2,000
Interest received	368	346
Dividend received	53	48
	<hr/>	<hr/>
Net cash (used in) / provided by investing activities	(626)	2,337
Net decrease in cash and cash equivalents	(11,027)	(5,307)
Cash and cash equivalents at beginning of the financial period	97,630	99,023
Cash and cash equivalents at end of the financial period	<hr/>	<hr/>
	86,603	93,716

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Changes in Equity for the financial period from 1 January 2014 to 31 March 2014

	<u>Share capital</u> \$'000	<u>General reserve</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Currency translation reserve</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Group						
Balance at 1 January 2014	91,710	17,000	1,227	(228)	97,377	207,086
Total comprehensive income for the period	-	-	43	-	265	308
Balance at 31 March 2014	91,710	17,000	1,270	(228)	97,642	207,394
Balance at 1 January 2013	91,710	17,000	1,344	(228)	93,928	203,754
Total comprehensive income for the period	-	-	167	-	2,673	2,840
Balance at 31 March 2013	91,710	17,000	1,511	(228)	96,601	206,594
	<u>Share capital</u> \$'000	<u>General reserve</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Currency translation reserve</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Company						
Balance at 1 January 2014	91,710	17,000	1,207	-	98,851	208,768
Total comprehensive income for the period	-	-	43	-	221	264
Balance at 31 March 2014	91,710	17,000	1,250	-	99,072	209,032
Balance at 1 January 2013	91,710	17,000	1,325	-	95,545	205,580
Total comprehensive income for the period	-	-	165	-	2,664	2,829
Balance at 31 March 2013	91,710	17,000	1,490	-	98,209	208,409

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous year reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial year reported on and as at the end of the corresponding year of the immediately preceding financial year.

Not applicable.

1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at the end of current financial period ended 31 March 2014	As at the end of financial year ended 31 December 2013
Total number of ordinary shares issued	41,250,000	41,250,000

There were no treasury shares held as at the end of the current financial period reported on and as at the end of the immediately preceding year.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in preparing this financial statement for the current accounting period compared with the most recently audited financial statements for the year ended 31 December 2013, except for those as disclosed under paragraph 5.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

On 1 January 2014, the Group adopted the revised Singapore Financial Reporting Standards (FRS) that is effective in this financial year as set out below:

(a) *FRS 110 - Consolidated Financial Statement*

The Group has applied FRS 110 from 1 January 2014, but this has no significant impact on the financial statements of the Group.

(b) *FRS 111 - Joint Arrangements*

The Group has applied FRS 111 from 1 January 2014, but this has no impact on the financial statements of the Group.

(c) *FRS 112 - Disclosure of Interests in Other Entities*

The Group has applied FRS 112 prospectively from 1 January 2014. FRS 112 has no impact on the Group's accounting policies but will require more disclosures in the financial statements.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	<u>Group</u>	31.03.2013
Earnings per ordinary share for the period based on net profit attributable to shareholders :-	31.03.2014	
(i) Based on weighted average number of ordinary shares in issue (cents)+	0.64	6.48
(ii) On a fully diluted basis (cents)++	0.64	6.48

+ The earnings per share are calculated based on the issued ordinary shares of 41,250,000 (31 March 2013: 41,250,000)

++ The fully diluted earnings per share are calculated based on the issued ordinary shares of 41,250,000 (31 March 2013: 41,250,000)

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

(a) current financial period reported on; and

(b) immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013
Net asset value per ordinary share based on issued share capital at the end of financial period	\$5.03	\$5.02	\$5.07	\$5.06

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial year reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial year reported on.

Review of Group Performance

Group sales for the quarter ended 31 March 2014 ("Q1 2014") was \$82.601 million, a decrease of 0.47% over the corresponding period ("Q1 2013"). Sales contribution from the new store at Jurong East ("New Store"), which was opened on 2 December 2013, helped to mitigate the decline in sales from the Flagship Isetan Scotts store which is still affected by the renovations at Shaw House and Shaw Centre.

Group profit before tax was \$0.321 million in Q1 2014, a decrease of 89.94% over Q1 2013. The challenging situation at the Flagship store, the operations of the New Store as well as the lower Other Income were the main reasons for the decline. The decrease in Other Income was mainly due to lower rental income from the retail operations.

As compared to 31 December 2013, cash and cash equivalents had decreased mainly due to the settlement of amounts relating to trade and other payables. Under current assets, trade and other receivables had decreased due to the settlement of outstanding amounts owing by debtors. Also, financial assets, held-to-maturity ("HTMs") under current assets had increased due to the reclassification of certain HTMs from non-current assets as they are due to mature within one year.

Under the Cash flows from operating activities, the higher amount of net cash used was mainly due to more cash being used to settle amounts owing to trade creditors. Under the Cash flows from investing activities, the net cash outflow in Q1 2014 was mainly due to the payments for property, plant and equipment as compared to a net cash inflow in Q1 2013 due mainly to the proceeds from the maturity of HTMs.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast was made previously.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The renovations at Shaw Centre and the basement of Shaw House are expected to be completed by the middle of the year. Sales of the Flagship Isetan Scotts store will continue to be impacted until the newly renovated areas are substantially tenanted, its amenities fully restored and more customer traffic is generated. However, this will be mitigated by the contribution of sales from the new Isetan Jurong East store for the next 12 months.

Competition in the retail industry remains very keen and is expected to intensify with the newly opened Orchard Gateway in the Orchard Road shopping belt.

(a) Current Financial Year Reported On

Any dividend recommended for the current financial period reported on? **None**

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? **None**

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

14. Negative confirmation pursuant to Rule 705(5)

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the first quarter of 2014 financial results to be false or misleading in any material respect.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

17. A breakdown of sales.

Not applicable.

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend

	Latest full year	Previous full year
Ordinary	-	-
Preference	-	-
Total:	-	-

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Not applicable	-	-	-	-

BY ORDER OF THE BOARD

Lun Chee Leong
Company Secretary
15 May 2014